



General Assembly

Amendment

February Session, 2010

LCO No. 4296

SB0006004296SD0

Offered by:

SEN. DUFF, 25th Dist.

REP. BARRY, 12th Dist.

To: Senate Bill No. 60

File No. 161

Cal. No. 116

***"AN ACT CONCERNING A STUDY OF CERTAIN PROGRAMS
ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE
AUTHORITY."***

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 8-265rr of the 2010 supplement to the general
4 statutes is repealed and the following is substituted in lieu thereof
5 (*Effective October 1, 2010*):

6 (a) As used in this section, "authority" means the Connecticut
7 Housing Finance Authority created under section 8-244.

8 (b) The authority is authorized to continue to develop and
9 implement a program for home mortgage refinancing for homeowners
10 with fixed or adjustable rate mortgages as an additional purpose
11 pursuant to the provisions of subdivision (32) of section 8-250. Such
12 program shall (1) include making mortgage loans to borrowers who

13 (A) are deemed eligible by the authority, and (B) purchase foreclosed
14 or other distressed properties; or (2) be undertaken by the authority
15 consistent with and subject to its contractual obligations to its
16 bondholders in an initial amount of forty million dollars under terms
17 and conditions determined by the authority.

18 Sec. 2. Section 8-265ss of the general statutes is repealed and the
19 following is substituted in lieu thereof (*Effective October 1, 2010*):

20 (a) As used in this section:

21 (1) "Authority" means the Connecticut Housing Finance Authority
22 created under section 8-244;

23 (2) "Mortgage" means a mortgage deed or other instrument which
24 constitutes a first or second consensual lien on one-to-four family
25 owner-occupied residential real property located in this state,
26 including, but not limited to, a single-family unit in a common interest
27 community, securing a loan made primarily for personal, family or
28 household purposes;

29 (3) "Borrower" means the owner-occupant of a one-to-four family
30 residential real property located in this state, including, but not limited
31 to, a single-family unit in a common interest community, who has a
32 mortgage encumbering such real property;

33 (4) "Lender" means the original lender under a mortgage, or its
34 agents, successors or assigns; and

35 (5) "HERO program" means the Homeowner's Equity Recovery
36 Opportunity loan program.

37 (b) The authority is authorized to develop and implement the
38 HERO program as an additional purpose pursuant to the provisions of
39 subdivision (32) of section 8-250. The HERO program shall be
40 undertaken by the authority consistent with and subject to its
41 contractual obligations with its bondholders in an initial amount of
42 thirty million dollars.

43 (c) On and after July 1, 2008, the authority shall implement the
44 HERO program in accordance with this section. Said program shall
45 offer, within available funds, financing through the following
46 mechanism: The authority shall purchase mortgages directly from
47 lenders and then place borrowers it determines to be eligible on an
48 affordable repayment plan or make mortgage loans to borrowers who
49 it determines to be eligible and who purchase foreclosed or other
50 distressed properties. All borrowers approved by the authority for the
51 program shall attend in-person financial counseling at an authority-
52 approved agency.

53 (d) A HERO loan shall: (1) Be a mortgage for up to thirty years in an
54 amount determined by the authority; (2) provide an interest rate at an
55 amount determined by the authority; (3) be serviced by the authority
56 or its agents; and (4) have property taxes and insurance, including
57 mortgage insurance, homeowner's insurance and, if applicable, flood
58 insurance, included in the borrower's monthly payment amount.

59 (e) For purposes of the HERO program, the authority shall purchase
60 mortgages directly from lenders and make a HERO loan available to
61 borrowers whose mortgages have been purchased by the authority
62 and who have been determined by the authority to be eligible. A
63 borrower shall be eligible if the HERO loan is in the first lien position,
64 and if, in the authority's determination, the borrower has: (1) Made an
65 effort to meet his or her financial obligations to the best of the
66 borrower's ability; (2) sufficient and stable income to support timely
67 repayment of a HERO loan; (3) legal title to the mortgaged property
68 and resides in it as the borrower's permanent residence; and (4) if the
69 borrower has stopped making monthly payments, the ability to
70 account for the borrower's cash flow by showing how those funds
71 were escrowed, saved or redirected. The authority shall make a
72 determination of eligibility for the HERO program no later than thirty
73 calendar days after the date of receipt of the borrower's application.

74 (f) The borrower shall apply for a HERO loan on the form provided
75 by the authority. The borrower shall complete and sign the application

76 subject to the penalty for false statement under section 53a-157b. Any
 77 borrower who misrepresents any financial or other pertinent
 78 information in conjunction with the filing of an application for a HERO
 79 loan may be denied assistance. The borrower shall provide the
 80 authority with full disclosure of all assets and liabilities, whether
 81 singly or jointly held, and all household income regardless of source.
 82 For purposes of this subsection, both of the following are included as
 83 assets:

84 (1) The sum of the household's savings and checking accounts,
 85 market value of stocks, bonds and other securities, other capital
 86 investments, pensions and retirement funds, personal property and
 87 equity in real property including the subject mortgage property.
 88 Income derived from family assets shall be considered as income.
 89 Equity is the difference between the market value of the property and
 90 the total outstanding principal of any loans secured by the property
 91 and other liens.

92 (2) Lump-sum additions to family assets such as inheritances,
 93 capital gains, insurance payments included under health, accident,
 94 hazard or worker's compensation policies and settlements, verdicts or
 95 awards for personal or property losses or transfer of assets without
 96 consideration within one year of the time of application. Pending
 97 claims for such items must be identified by the borrower as contingent
 98 assets.

99 (g) On or before July 1, 2008, the authority shall adopt procedures in
 100 accordance with section 1-121 to implement the provisions of this
 101 section."

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	8-265rr
Sec. 2	October 1, 2010	8-265ss